

## Message Text

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11

ORIGIN AGR-10

INFO OCT-01 EUR-12 IO-11 ISO-00 EB-07 STR-04 TRSE-00

COME-00 AID-05 CEA-01 CIAE-00 FRB-01 INR-07 NSAE-00

CIEP-02 SP-02 LAB-04 SIL-01 SAM-01 OMB-01 /070 R

DRAFTED BY USDA:RSCHROETER/GSINDELAR

APPROVED BY EB/OT/TA:WGBARRACLOUGH

USDA:GWHITE

STR:JSTARKEY

TREASURY:COULETTE

COMMERCE:DSCHLECTY

EUR/RPE:ECASEY

EB/OT/TA:TFO'HERRON

----- 065029

R 201555Z JAN 76

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION OECD PARIS

USDEL MTN GENEVA

UNCLAS STATE 013880

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: POSSIBLE EC ACTION ON WALNUT IMPORTS

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REF: EC BRUSSELS 9098

1. U.S. WALNUT INDUSTRY INCREASINGLY CONCERNED OVER POSSIBILITY OF EC COMMISSION PROPOSING MINIMUM IMPORT PRICE OR SOME OTHER IMPORT RESTRICTION ON WALNUTS. U.S. PRODUCERS VERY MUCH AWARE OF FRENCH INDUSTRY'S REPEATED REQUESTS FOR IMPORT RELIEF. HOWEVER, IT IS OUR VIEW THAT SUCH REQUESTS CANNOT BE JUSTIFIED ON ECONOMIC GROUNDS; IT IS HIGHLY IMPROBABLE THAT THIS SITUATION WILL CHANGE IN FUTURE. FRENCH GROWERS HAVE SEVERAL DISTINCT FACTORS IN THEIR FAVOR WHICH WHEN COMBINED REPRESENT SIZABLE MARKETING ADVANTAGE. FIRST, CALIFORNIA WALNUTS ARE FACED WITH AN OCEAN TRANSPORT CHARGE APPROXIMATING 150 DOLLARS PER METRIC TON TO EUROPEAN MARKETS, IN CONTRAST TO FAR LESSER AMOUNT FOR FRANCE. SECOND, IMPORTS FROM THIRD COUNTRIES ARE ASSESSED IMPORT DUTY OF 8 PERCENT. THIRD, FRENCH INDUSTRY CAN SERVICE MOST EUROPEAN MARKETS WITHIN DAY OR TWO IN CONTRAST TO WEEKS FOR SHIPMENTS ORIGINATING IN CALIFORNIA. IN FACT, THE U.S. HARVEST TERMINATES JUST SHORT OF BEING TOO LATE FOR SHIPMENTS TO EC MARKETS DURING THE PEAK OF THE SEASON, NOVEMBER AND DECEMBER.

2. MISSION REQUESTED TO DETERMINE PRESENT COMMISSION THINKING ON WALNUT ISSUE. IF COMMISSION IS GIVING SERIOUS CONSIDERATION TO RESTRICTING IMPORTS OF THIS ITEM, MISSION SHOULD USE ALL APPROPRIATE MEANS AND OPPORTUNITIES TO URGE THE COMMISSION TO ABANDON THE IDEA. IT SHOULD BE EMPHASIZED THAT WE WOULD CONSIDER A MIP TO BE IMPAIRMENT OF OUR 8 PERCENT BINDING AND THAT WE WOULD CONTEMPLATE COUNTER ACTION TO RESTORE THE BALANCE OF CONCESSIONS UNDER GATT.

3. YOU MAY WISH TO DRAW UPON THE FACT THAT U.S. PARTICIPATION IN THE EUROPEAN MARKET HAS DONE MUCH TO PROMOTE THE CONSUMPTION OF WALNUTS. IT HAS HELPED TO MAINTAIN THE OVERALL MARKET RATHER THAN SUBSTITUTE CALIFORNIA WALNUTS FOR THE FRENCH PRODUCT. AS THE COMMISSION POINTED OUT IN RESPONSE TO PARLIAMENTARY QUESTION NO. 373/75 (OFFICIAL JOURNAL C285 OF DECEMBER 13, 1975), OVER THE PAST FOUR YEARS THE U.S. SHARE OF TOTAL ANNUAL EC IMPORTS OF 11,000-14,000 METRIC UNCLASSIFIED

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TONS ROSE FROM 30 TO 70 PERCENT AT THE EXPENSE OF OTHER NON-MEMBER COUNTRIES WHOSE DELIVERIES EITHER REMAINED STATIC OR DECLINED. RECORD ALREADY ABUNDANTLY CLEAR THAT CALIFORNIA INDUSTRY HAS EXERCISED EXTREME CARE TO AVOID ANY DISRUPTION TO FRENCH MARKETINGS. IN FACT, FRENCH WALNUT PRICES HAVE CONSISTENTLY RISEN, REACHING RECORD HIGHS DURING THE LAST SEASON.

4. THE EC MARKET IS OF VITAL IMPORTANCE TO THE U.S.  
WALNUT INDUSTRY, TAKING 8 PERCENT OF U.S. PRODUCTION  
AND OVER A THIRD OF U.S. EXPORTS DURING THE 1974-75  
MARKETING SEASON (OCTOBER-SEPTEMBER). THESE EXPORTS  
WERE VALUED AT 10.3 MILLION DOLLARS. SISCO

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**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTS, IMPORT CONTROLS  
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**Status:** NATIVE  
**Subject:** POSSIBLE EC ACTION ON WALNUT IMPORTS UNCLASSIFIED  
**TAGS:** ETRD, NUTS  
**To:** EC BRUSSELS  
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